

BARROW HANLEY GLOBAL SHARE FUND (MANAGED FUND)

ASX code: GLOB

March 2024

FUND FACTS

Investment objective: Aims to provide investors with long-term capital growth through investment in quality global shares.

FUND BENEFITS

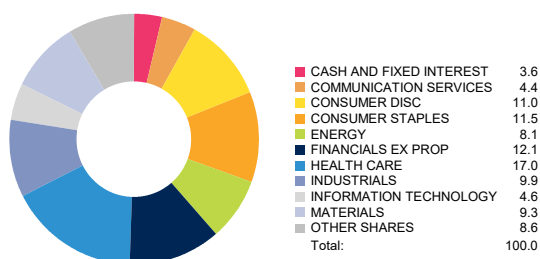
Provides investors with the potential for capital growth through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

FUND RISKS

All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

Benchmark:	MSCI World Net Total Return Index (\$A)
Inception date of strategy:	August 2014
ASX commencement date:	06 June 2022
Distribution Frequency:	Half-Yearly
Management Fee:	0.99%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Seven years or longer

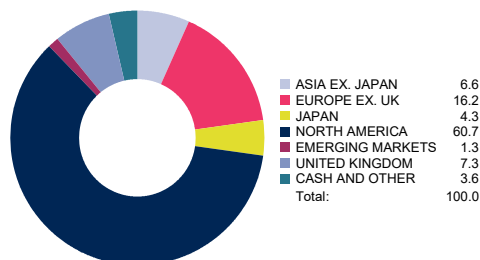
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Comcast Corporation Class A	3.3%
Merck & Co., Inc.	3.0%
Enbridge Inc.	3.0%
Aramark	2.7%
Qualcomm Incorporated	2.7%

PORTFOLIO REGIONS



NET PERFORMANCE - periods ending 31 March 2024

	Fund	Benchmark	Excess
1 month	4.06	3.02	+1.04
3 months	9.22	13.88	-4.66
FYTD	11.88	19.49	-7.61
1 year	18.11	28.44	-10.33
2 year p.a.	-	-	-
3 year p.a.	-	-	-
Since incep.	15.23	20.48	-5.26

Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

*Information on management costs is set out in the relevant PDS

MARKET COMMENTARY

The first quarter of 2024 took off from the starting line quick, adding another consecutive quarter of strong equity returns for global indexes with the MSCI World Index up more than 8%. A combination of continued hope for central bank rate cuts and declining fears over a recession fueled the global equity rally. Markets made new all-time highs not just in the U.S., but across Europe and Japan as well. While the top-level index returns were strong, under the hood, much of those gains were driven by a narrow handful of high momentum and mega-tech companies. Although some modest broadening occurred, the concentrated nature of the markets continued to reach greater extremes as the weight of the highest momentum stocks in the MSCI World Index reached new highs. Buoyed in part by the euphoria for artificial intelligence (AI), this small cohort continued to drive the overall U.S. and global indices even as most stocks have not kept pace with the torrid move higher to start the year.

PORTFOLIO COMMENTARY

The market built on last quarter's strong rally as it continued pushing higher during the first quarter of the year. The Magnificent 7 returned as a significant market driver, only eclipsed by high momentum stocks that skewed towards sectors positively exposed to traditional growth stocks. This led the MSCI World Growth Index to outperform the MSCI World Value Index. However, this paradigm began to shift on February 9th after Fed Chairman Jay Powell announced that rates may not fall as quickly as the market expected, leading to fewer predicted rate cuts. Within this environment, the portfolio underperformed the benchmark, the MSCI World Index. Allocation had a larger impact than stock selection as growth-oriented sectors drove returns. From a sector perspective, stock selection within the Industrials and Utilities sectors positively impacted relative returns. An overallocation to the Energy sector also boosted performance as oil prices rose towards the end of the quarter. Stock selection within the Communication Services, Energy and Consumer Discretionary sectors detracted from relative performance. An under allocation to the Information Technology sector also detracted from performance. On the following page is a discussion on key drivers of performance for the first quarter.

Rheinmetall AG positively contributed to relative performance during the quarter after the German automotive supplier and defense contractor saw strong news flow on contract awards throughout the quarter. Rheinmetall released solid quarterly results as profit and free cash flow were ahead of expectations and 2024 guidance ahead of consensus expectations. Management provided additional comments on order outlook and cash conversion that is even stronger than previously communicated with high visibility. The company has a strong balance sheet supported by the desire in Europe to build up domestic defense production through increased expenditure as NATO countries push spending toward 2% of GDP.

BAE Systems plc positively contributed to relative performance during the quarter as the UK defense contractor posted quality quarterly results. Revenue continues to grow and was higher than consensus expectations on strength across all segments. A strong order intake mixed with positive comments on the overall demand environment continue to push the stock higher, along with the broader European defense industry. The company trades at 18x forward earnings with a dividend yield of 2.1%.

Humana Inc. detracted from relative performance and was weak for the second quarter in a row. Humana came under pressure last quarter because a perfect suitor, Cigna, had just walked away from a bid. This quarter it emerged that Humana is suffering from unprecedented level of excess utilization in their Medicare Advantage (MA) book. Humana is a rational actor and has already indicated that pricing actions are coming for 2025.

Air Products and Chemicals, Inc. detracted from relative performance in the quarter after missing earnings estimates and slowing down guidance as the demand growth rate for renewables starts to slow. There were some idiosyncratic end market issues that other specialty chemical companies faced, but the company still grew earnings during the quarter. Overall, the company remains a best-in-class operator, and the stock price began recovering at the end of the quarter on hopes of increased visibility on long-term contracts for underway projects. Overall, the company still has a large backlog of projects that should fuel future growth and is trading near a trough valuation multiple of 18x forward earnings while paying a dividend yield of 3%.

OUTLOOK

As the year began, investor expectations were for roughly six rate cuts from the Fed. That now stands at just three for 2024 after Fed Chair Powell's remarks tempered expectations. The more things change, the more they stay the same—in this instance—after failing to call the ceiling for rates, now investors have overestimated the potential for rate cuts in short order. The path of interest rates remains incredibly challenging to forecast given the shifting dynamics at play. The majority of the last decade and a half since the '08-'09 Global Financial Crisis (GFC) has been dominated by the central banks and their ultra-low interest rate policies. Chairman Powell kicked off the normalization with the fastest rate hiking cycle in history in 2022, however, as quickly as "higher for longer" entered the lexicon of investors, it was replaced by "soft landing" and debates over rate cuts. The newest wrinkle is that this most recent bit of uncertainty is being driven by the fiscal side of the ledger.

This publication has been prepared by Perpetual Investment Management Limited ABN 18 000 866 535 AFSL 234426 (Perpetual), as the issuer of units in the Barrow Hanley Global Share Fund (Managed Fund) (ASX: GLOB) (ETMF). It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider with a financial adviser whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The product disclosure statement for the ETMF, issued by Perpetual, should be considered before deciding whether to acquire or hold units in the ETMF. The ETMF's PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au.

Investment returns, net of management costs have been calculated on the growth of Net Asset Value (NAV) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the ETMF's investment portfolio return less the growth of NAV. No allowance has been made for taxation. Future returns may bear no relationship to the historical information displayed. The returns shown represent past returns only and are not indicative of future returns of an ETMF. Returns on an ETMF can be particularly volatile in the short term and in some periods may be negative. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of the ETMF or the return of an investor's capital.

MORE INFORMATION

Adviser Services 1800 062 725

Investor Services 1800 022 033

Email investments@perpetual.com.au

www.perpetual.com.au

